

SUBCOMMITTEE NO. 4

Agenda

Joseph Dunn, Chair
Ross Johnson
Denise Moreno Ducheny



Decisions **Agenda: Part 3**

Wednesday, May 19, 2004
1:30 p.m.
Room 3191

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0510	State and Consumer Services Agency
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	Board of Accountancy
	Board of Barbering and Cosmetology
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-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
Consent Issues							
01	0510/ State and Consumer Services Agency	Eliminate General Fund support for the Consumer Services Agency (LAO option)	The LAO provides an option of eliminating General Fund support of \$0.7 million for the Agency, which would reduce the Agency budget by 53 percent. This issue was kept open at the March 10, hearing for further consideration.	\$700 General Fund savings	Approve as budgeted (reject the LAO option)		2-0
02	0520/ Business, Transportation and Housing Agency	Technology, Trade, and Commerce Agency (TTCA) closure costs	An April 1 Finance Letter requests \$575,000, General Fund, for costs associated with the closure the TTCA that will be incurred in 2004-05. These costs include unemployment insurance, worker's compensation, and costs related to labor dispute resolutions. The Administration indicates these costs cannot be finalized at this time and requests provisional language granting the Director of Finance the authority to augment this appropriation not sooner than 30 days after providing written notification to the Legislature.	\$575 Cost to the General Fund	Approve the request		2-0
03	1110/ Board of Vocational Nurse and Psychiatric Technician Examiners	Position increase for licensing workload	May Revision Finance Letter #5 requests 2 positions (1.9 personnel years) , \$256,000, and temporary help staff for the Vocational Nursing Program. Additionally, 1.0 positions (0.9 personnel years) and \$54,000 are requested for the Psychiatric Technician Program. The workload of the Board has increased over recent years while vacant positions have been eliminated. The Board indicates this staffing request is necessary to process applications and examinations in a timely manner.	\$310 Special Fund expenditure	Approve the request.		2-0
04	1110/ Board of Accountancy	Position increase for licensing workload	May Revision Finance Letter #3 requests 4 positions (3.8 personnel years) and \$208,000 for the Licensure Program. The workload of the Board has increased over recent years while vacant positions have been eliminated. The Board indicates this staffing request is necessary to process license applications for certified public accountants in a timely manner.	\$208 Special Fund expenditure	Approve the request.		2-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
05	1110/ Board of Barbering and Cosmetology	Position increase for licensing workload	May Revision Finance Letter #1 requests 14 positions (13.3 personnel years) and \$893,000 for license and examination workload. The workload of the Board has increased over recent years while vacant positions have been eliminated. The Board indicates this staffing request is necessary to process applications and issue and renew licenses in a timely manner.	\$893 Special Fund expenditure	Approve the request.		2-0
06	1110/ Board of Registered Nursing	Position increase for licensing workload and approval of new nursing school programs	May Revision Finance Letter #4 requests 14.7 positions (14.0 personnel years) and \$955,000 for license workload and approval of new nursing school programs. The workload of the Board has increased over recent years while vacant positions have been eliminated. The Board indicates this staffing request is necessary to process license applications and issue and open new nursing school programs in a timely manner.	\$955 Special Fund expenditure	Approve the request.		2-0
07	1110/ Contractors State License Board	Construction Management Education Account Grants	May Revision Finance Letter #2 requests expenditure authority to issue \$239,000 in Construction Management Education Account grants to postsecondary education institutions offering programs in construction management. In both 2004-05 and 2005-06. Grant funds are obtained exclusively through voluntary contributions from the construction industry. The intent of the program is to reduce the shortage of qualified workers in the industry.	\$239 Special Fund expenditure	Approve the request.		2-0
08	1111/ Bureau of Naturopathic Medicine	Funding to establish the Bureau of Naturopathic Medicine (created by Chapter 485, Statutes of 2003)	May Revision Finance Letter #1 requests expenditure authority of \$93,000 to implement Chapter 485, Statutes of 2003 (SB 907), which created the Bureau of Naturopathic Medicine. One position is proposed for staffing the Bureau and would be redirected from existing Department of Consumer Affairs (DCA) staff. Licensure fee revenue will support the Bureau, however in the budget year partial funding of \$45,000 is proposed to be redirected from other DCA resources.	\$93 Special Fund expenditure	Approve the request.		2-0
09	1110/1111/ Department of Consumer Affairs (DCA) Various Boards and Commissions	Augmentation for the Attorney General services rate increase	May Revision Finance Letter #2 requests an augmentation of \$3.597 million to fund an hourly rate increase for Attorney General services to maintain the existing level of enforcement activities to DCA's Boards and Bureaus. Attorney General Fees for attorney services increased from \$112 to \$132 per hour effective April 1, 2004.	\$3,597 Special Fund expenditure	Approve the request.		2-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
10	1700/ Department of Fair Employment and Housing	Eliminate two positions for General Fund saving	May Revision Finance Letter #4 requests a reduction of 2.0 positions (a public affairs position and a legal secretary) and \$225,000 General Fund. Lease savings from the relocations of the headquarters office is included in this request. This reduction request is one of the 3 percent reductions proposed by the Administration to generate General Fund savings.	\$225 General Fund Savings (permanent)	Approve the request.		2-0
11	2120/ Alcoholic Beverage Control Appeals Board	Temporary help staffing increase	May Revision Finance Letter #1 requests an increase of \$22,000 (special fund) to fund 0.8 personnel-years of a temporary help graduate assistant to perform clerical duties. The Appeals Board lost this position as part of its Control Section 4.10 reductions. The Board indicates this staffing request is necessary to process appeals in a timely manner.	\$22 special fund expenditure	Approve the request		2-0
12	2180/ Department of Corporations	Settlement payments and the outstanding loan to the General Fund	A May Revision Finance Letter indicates the department has received \$2 million in settlement payments, which were not previously anticipated. The Administration request to use this money to benefit the General Fund through a \$500,000 transfer and as a \$1.5 million repayment of an outstanding \$20 million loan to the General Fund.	\$2,000 General Fund benefit though a transfer and loan repayment.	Approve the request		2-0
13	2660/ Caltrans	Technical update to GARVEE bond debt service	May Revision Finance Letter #12 requests an update to the level of Grant Anticipate Revenue Vehicle (GARVEE bond) debt service proposed in the Governor's Budget. This is a technical adjustment that reduces the debt service appropriation due to a favorable bond rating and lower-than-anticipated interest rates.	\$20,764 in federal fund bond debt savings	Approve the request		2-0
14	2660/ Caltrans	San Francisco-Oakland Bay Bridge State Operations budget bill language	<p>The May Revision requests provisional language to permit increased expenditures for seismic retrofit activities of state-owned toll bridges with 30-day notification to the Legislature. These expenditures are funded by the Toll Bridge Seismic Retrofit Account (TBSRA), which is primarily bond revenue backed by future tolls.</p> <p>The Legislature approved legislation that continuously appropriates TBSRA funds, so this provisional language provides no new budget authority beyond what the</p>	Language only	Approve the request	BBL	2-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			legislature has already approved.				
15	2740/ Department of Motor Vehicles	Report of reversion	<p>The May Revision reports that \$10.882 million from the Smog Impact Fee Refund Account will be transferred back to the General Fund at the end of the fiscal year 2003-04 pursuant to Chapter 32, Statutes of 2000.</p> <p>Between October 15, 1990, and October 19, 1999, most vehicles previously registered in another state or country were assessed a \$300 smog impact fee to register for the first time in California. In 1995, the State was sued over the legality of the smog impact fee, and the fee was found to be unconstitutional. As a result, legislation was passed authorizing repayment of the fees plus interest. That legislation, Chapter 32, Statutes of 2000, transferred \$665,261,000 from the General Fund into the Smog Impact Fee Refund Account, a special deposit fund, for the purpose of making these refunds. In addition, Chapter 32, Statutes of 2000, provides that any unencumbered balance remaining in the account on or after June 30, 2004, shall revert to the General Fund.</p> <p>No action is required on this issue.</p>	\$10,882 transfer to the General Fund	No vote required – informational only		2-0
16	2780 Stephen P. Teale Data Center (TDC)	Workload increase for Mainframe Central Processing Unit processing capacity	May Revision Finance Letter #2 requests an increase of \$3,512,000 to provide additional mainframe processing capacity and hardware connectivity components for the TDC. The TDC provides mainframe computer systems capacity for its government organization customers, most of which are State agencies. This proposal, to provide expanded capacity of 369 Million Instructions Per Second and additional hardware connectivity components, is anticipated to be sufficient to meet the capacity needs for fiscal year 2004-05.	\$3,512 expenditure Teale Revolving Fund	Approve the request		2-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
17	2780 Stephen P. Teale Data Center	Workload increase for Enterprise Storage Management Services	May Revision Finance Letter #3 requests an increase of \$507,000 to: (1) replace 4.6 Terabytes (TB – trillions of characters) of mainframe storage, (2) replace 6.1 TB of mid-range storage, and (3) add 2.88 TB of mainframe storage for workload growth. Without the additional storage capacity, TDC customer departments' 2004-05 business needs will not be met. Further, insufficient storage capacity leads to increased risk to the State, because it would limit the capacity to install new security patches, new applications, or enhancements to existing systems. Failure to replace the older storage capacity units would result in incompatibility of storage devices with operating system environments and higher maintenance charges, if maintenance support is even available.	\$507 expenditure Teale Revolving Fund	Approve the request		2-0
18	2780 Stephen P. Teale Data Center	Workload increase for mid-range system replacement	May Revision Finance Letter #4 requests an increase of \$1,346,000 to replace 53 UNIX processors and 17 Windows processors (a total of 70 midrange processors). The existing servers that would be replaced cannot be further upgraded. Aging computer systems become increasingly difficult to service and support and, in some cases, replacement parts are no longer manufactured or available. Replacing older, slower processors one-for-one with newer, faster processors precludes the need to procure additional software licenses for additional processors, resulting in significant overall cost savings for maintaining the UNIX environment. Further, if the existing, aging midrange processors are not replaced, because their operating system versions will no longer be supported by vendors (e.g., new security patches will not be provided), those systems would become increasingly vulnerable to security breaches and system failures.	\$1,346 expenditure Teale Revolving Fund	Approve the request		2-0
19	8260/ California Arts Council	Eliminate General Fund Support (LAO Recommendation)	General Fund support for the Arts Council was reduced from \$19.375 million in 2002-03 to \$1.075 million in 2003-04. The Administration requests continued General Fund support of \$1.075 million. The LAO recommends General Fund support for the Arts Commission be eliminated. The issue was heard at the March 10 hearing and kept open.	\$1,075 General Fund cost	Approve as budgeted (reject the LAO option)		2-0

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20	8380/ Department of Personnel Administration	Elimination of five positions to generate General Fund savings	<p>May Revision Finance Letter #1 request the elimination of 5 positions and a General Fund reduction of \$259,000? The reductions include:</p> <ul style="list-style-type: none"> • One position that supported the Rural Health Care Equity Program that will sunset on January 1, 2005. • One position that provided support to the Labor Relations Program. • Two positions that provided general classification, pay and human resources support to departments. • One legal secretary position from the Legal Division. <p>This proposed reduction is made to generate savings for the General Fund.</p>	\$259 General Fund savings	Approve the request		2-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
Discussion Issues							
01	0520/ Film Commission (Business, Transportation and Housing Agency)	Film California First Fund transfer to the General Fund	The May Revision requests that the \$1.089 million Film California First Fund balance be transferred to the General Fund. The Film California First Program was established in 2000-01 to subsidize filming-related fees paid to the federal and local governments; however, the program was discontinued in the current year and no funding is proposed for 2004-05. This was also a LAO recommendation and was heard at the April 14 hearing. The issue was left open pending the May Revision. In the May Revision, the Administration is also requesting \$600,000 General Fund for a new online permit system (see issue directly below).	\$1,089 transfer to the General Fund	Approve the request		3-0
02	0520/ Film Commission (Business, Transportation and Housing Agency)	Film Commission Online Film Permit Issuance System	<p>May Revision Finance Letter #2 requests \$600,000 General Fund (one-time) to develop an online film permitting system for the California Film Commission to streamline the permit operations and to enhance customer service. No staff savings are associated with this proposal.</p> <p>The LAO recommends adding budget bill language making the requested 2004-05 General Fund augmentation a loan to be repaid over a few years through permit charges.</p> <p>The immediate need for this system in the current General Fund environment is unclear. Permits are currently processed without an automated system. Additionally, if this system would provide a benefit to the industry, industry may be willing to accept a fee to fund the project. See also the fee issue directly below.</p>	\$600 cost to the General Fund (one-time)	Deny the request.		Th May Letter was approved. 3-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
03	0520/ Film Commission (Business, Transportation and Housing Agency)	Film Commission fees	<p>The LAO recommends that the Film Commission use existing statutory authority to institute film permit fees (for filming on State property) and eliminate the \$832,000 General Fund support for the program. This issue was held open at the April 14 hearing.</p> <p>The Film Commission has provided a suggested criteria for fees that would only charge fees for features and television filming if all of the following are meet:</p> <ol style="list-style-type: none"> 1. The production crew exceeds 50 people. 2. The number of shoot days is 2 or more. 3. The film company is for profit. <p>The Commission is unable to determine at this time how may productions would meet this criteria and how much money fees would produce.</p> <p>To collect this information, the subcommittee could add provision 1 to item 0520-001-0001: <i>The Business, Transportation and Housing Agency shall report to the budget committees of each house of the Legislature and the LAO by April 1, 2005, with a cost-recovery fee plan for film permits issued to for-profit production companies. The plan shall include, but not necessarily be limited to, fee levels for individual permits and projections for total fee revenue.</i></p>	none	<p>Deny the LAO recommendation eliminate General Fund support for the Film Commission in 2004-05.</p> <p>Approve budget bill language to require a report on film permit fees to recover costs.</p>	BBL	3-0

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
04	1110 Athletic Commission (Department of Consumer Affairs)	Eliminate General Fund support and backfill with special fund. Also increase gate fees that are deposited into the special fund.	<p>The Governor's Budget proposes to (1) reactivate the Athletic Commission Fund in which support revenue would be deposited; (2) eliminate the Commission's current General Fund expenditure authority and replace it with special fund expenditure authority; (3) increase gate fees from the existing 5 percent to 6 percent to provide sufficient special fund revenues to support its necessary expenditure authority; and (4) obtain a \$200,00 Control Section 14.00 special fund loan to provide necessary "state-up" funding for the commission.</p> <p>The Commission requests authority for \$709,000 in expenditures and projects that 2003-04 gate fee revenue at the existing 5 percent fee level will be \$756,000. The department indicates that while projected revenues exceeds costs with the existing fee level, gate fee revenue can fluctuate year-to-year and an operating reserve (not to exceed six months of expenditures) is requested.</p> <p>Another option would be to increase the amount and/or length of the Control Section 14.00 special fund loan and deny the gate fee increase. The following provisional language is suggested for Item 1110-001-0492: <i>2. Notwithstanding Section 14.00 of this act, the Director of Finance may authorize a loan of up to \$320,000 from the Vehicle Inspection and Repair Fund to the State Athletic Commission. This loan shall be repaid by 2006-07.</i></p>	\$709 General Fund savings	<p>Deny the gate fee increase.</p> <p>Approve the elimination of General Fund support and trailer bill language that allows the conversion to special fund.</p> <p>Approve provisional language that allows a longer-term loan.</p>	BBL	2-1
05	1111/ Office of Privacy Protection (Department of Consumer Affairs)	General Fund reduction and partial funding realignment	May Revision Finance Letter #4 requests a reduction of 1.0 position and \$120,000, General Fund, from the Office of Privacy Protection. Additionally, an increase in reimbursement authority of \$35,000 in contributions from the DCA boards and bureaus is also requested, for an overall net reduction of \$85,000 for the Office. This cut would reduce community presentations and increase response times to consumer questions. The Administration believes they would still be able to provide an acceptable level of service.	\$120 General Fund Savings (permanent)	<p>Deny the elimination of one position.</p> <p>Approve increased reimbursements (\$35,000 General Fund savings) and the associated trailer bill.</p>	TBL	2-1

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
06	2150/ Department of Financial Institutions	California Financial Information Privacy Act (SB 1) staffing	<p>In the Governor's Budget, the Administration requests \$1,881,000 and 17.0 positions to address the increased workload related to the provisions within Senate Bill 1 (Chapter 241, Statutes of 2003), which restricts financial institutions from sharing non-public personal information.</p> <p>The LAO recommends funding workload for complaint investigation and "red flag" audits only, which would require \$679,000 and 6.0 positions.</p> <p>Additional staffing alternatives are presented on attachment A.</p> <p>Provisional language has been developed to require a workload report.</p> <p>Provisions:</p> <ol style="list-style-type: none"> 1. <i>The Department of Financial Institutions shall report to the budget committees of each house of the Legislature and the LAO by January 10, 2006, on (a) the level of non-compliance found with Chapter 241, Statutes of 2003, (b) any changes to state or federal law, or court decisions, that affect Chapter 241 workload, and (c) any staffing changes requested based on the level of compliance or changes in law.</i> 	\$1,881 special fund expenditure	<p>Approve the LAO-recommended level of funding and staffing.</p> <p>Approve the provisional language requiring a workload report.</p>		3-0
07	2180/ Department of Corporations	California Financial Information Privacy Act (SB 1) staffing	<p>In the Governor's Budget, the Administration requests \$1,945,000 and 22.0 positions (including one limited-term position) to address the increased workload related to the provisions within Chapter 241, Statutes of 2003 (SB 1), which restricts financial institutions from sharing non-public personal information.</p> <p>The LAO recommends funding workload for complaint investigation and "red flag" audits only, which would require \$932,000 and 10.0 positions.</p>	\$1,945 special fund expenditure	<p>Approve the LAO-recommended level of funding and staffing.</p> <p>Approve the provisional language requiring a workload report.</p>		3-0

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			<p>Additional staffing alternatives are presented on attachment A.</p> <p>Provisional language has been developed to require a workload report.</p> <p><i>Provisions:</i></p> <ol style="list-style-type: none"> <i>The Department of Corporations shall report to the budget committees of each house of the Legislature and the LAO by January 10, 2006, on (a) the level of non-compliance found with Chapter 241, Statutes of 2003, (b) any changes to state or federal law, or court decisions, that affect Chapter 241 workload, and (c) any staffing changes requested based on the level of compliance or changes in law.</i> 				
08	2240 Department of Housing and Community Development (HCD)	Mandate for Regional Housing Plan	<p>The Governor's Budget proposes to defer the mandate on regional housing needs assessments. The LAO indicates this mandate results in approximately \$4 million in annual General Fund obligations with \$1 million of this claimed by the Councils of Governments (COGs) and the remainder claimed by cities and counties.</p> <p>At the request of the subcommittee, the LAO has developed language to clarify and narrow the requirements of this mandate to reduce the cost. Additionally, the language is declaratory of existing fee authority that local governments could use to increase fees if desired. This language and additional background is provided on Attachment B.</p>		<p>Approve the administration's request to defer the mandate in 2004-05.</p> <p>Approve the LAO trailer bill language lower mandate costs.</p>	TBL	2-1
09	2240 Department of Housing and Community Development (HCD)	Emergency Housing Assistance Program Funding	The Governor's Budget requests a \$1.3 million reduction (from \$5.3 million to \$4 million) in the Emergency Housing Assistance Program (EHAP). EHAP provides funds for homeless shelter programs through minimum county allocations of \$10,000. The LAO presents an option of further reducing 2004-05 funding to \$2 million, which was the historical funding level for the program.	\$1,300 General Fund Reduction	Approve the Governor's Budget (funding level of \$4 million)		Augment Gov Bud by \$1.3M 2-1

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
10	2240 Department of Housing and Community Development (HCD)	Enterprise Zone (EZ) Funding	The Governor's Budget requests increased reimbursement authority of \$668,000 and 6.0 positions (5.7 personnel years) to implement the provisions of Chapter 593, Statutes of 2003, which transferred the responsibility for the EZ Program from the Technology Trade and Commerce Agency to the department. It is proposed that EZs will reimburse the state for the cost of processing program extension requests and other related activities. Associated trailer bill language would allow the local governments administering the EZs to assess and collect a fee, as determined by HCD, for issuance of tax-credit certificates.	\$668 reimbursement authority to collect from local governments	Approve as budgeted. Approve the trailer bill language that provides local government will new fee authority.	TBL	2-1
11	2600 California Transportation Commission (CTC)	Staffing Level	<p>The Governor's Budget proposed to eliminate 3.0 positions originally established to perform workload associated with the Traffic Congestion Relief Program (TCRP) – which would reduce total positions to 10.0. A Finance Letter indicates that subsequent to the release of the Governor's Budget, the CTC reported that these positions have absorbed other workload and that the TCRP workload has been significantly less than anticipated. The Administration is revising its proposal to retain these three positions as one-year limited term and zero-base the CTC's staffing for the 2005-06 budget.</p> <p>The CTC lost 4.8 positions due to June 30, 2003, vacancies. One of these positions was the Assistant Executive Director for Legislation.</p> <p>This issue was heard on April 14 and held open with the direction to staff to look for an internal consensus on the appropriate CTC staffing level.</p>	\$314 special fund expenditure	Approve the Finance Letter request to restore 3 TCRP-related positions. Additionally restore the Legislative positions and associated funding (\$106,000 State Highway Account and Public Transportation Account)		2-1 (permanent not LT)

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ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
12	2600 California Transportation Commission	Grant Anticipation Revenue Vehicles (GARVEE bonds) language	<p>The Governor's Budget proposed an \$800 million GARVEE budget bill appropriation for the Department of Transportation. Statute continuously appropriates GARVEE proceeds, so the budget bill appropriation would have the effect of capping 2004-05 GARVEE allocations at \$800 million.</p> <p>The May Revision proposes to eliminate the budget bill appropriation and add a language-only item for both Caltrans and the California Transportation Commission (CTC). The following language is proposed for the CTC:</p> <p><i>Before allocating funds to projects in fiscal year 2004-05 that would result in the issuance of notes pursuant to Section 14553 of the Government Code that exceed \$800.0 million, the California Transportation Commission shall consult with the Business, Transportation and Housing Agency, the Department of Transportation and the Department of Finance pursuant to the requirements of Government Code Section 14553.8 to consider and determine the appropriateness of the mechanism authorized by Section 14553 in comparison to other funding mechanisms, and to determine and report to the Governor and the Legislature the effect of such issuances on future federal funding commitments.</i></p> <p>Staff recommends the following sentence be added to the proposed provision: <i>No allocations made pursuant to this provision shall occur sooner than 60 days after the written report is provided to the Legislature.</i></p> <p>See also a related GARVEE item in the Caltrans section below.</p>		Approve the requested language with the additional language recommended by staff.		<p>Vote to approve May Letter: 1-2</p> <p>Vote for Staff Recommendation : 3-0</p>

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
13	2640/ Special Transportation Programs	Augmentation due to a higher revenue projections	<p>A May Revision Finance Letter requests an augmentation of \$15.941 million (from \$101.424 million to \$117.365 million) for Special Transportation Programs (STP). STP supports allocations to local transit agencies for operations and other purposes.</p> <p>Funding for STP was \$98 million and \$105 million in 2002-03 and 2003-04 respectively – so this request would augment funding by over 10 percent relative to the past two years.</p> <p>The Administration also projects "PTA spillover" revenue in 2004-05 of \$140 million, half of which would go to the STP under current statute. The Administration proposes trailer bill language to use the PTA spillover revenue to instead repay loans to the Traffic Congestion Relief Fund. This issue is discussed further in the Caltrans section.</p>	\$15,941 special fund augmentation	Approve the request.		3-0
14	2660/ Caltrans	Grant Anticipation Revenue Vehicles (GARVEE bonds) appropriation and language	<p>The Governor's Budget proposed an \$800 million GARVEE budget bill appropriation. Statute continuously appropriates GARVEE proceeds so the budget bill appropriation would have the effect of capping 2004-05 GARVEE allocations at \$800 million.</p> <p>The May Revision proposes to eliminate the budget bill appropriation and add a language-only item that would require the California Transportation Commission to consult with the Business, Transportation, and Housing Agency, the Department of Transportation, and the Department of Finance on the appropriateness of the mechanism in comparison to other funding mechanisms, and to determine and report to the Governor and the Legislature the effect of such issuances on future federal funding commitments.</p> <p>Staff recommends the GARVEE appropriation (Item 2660-301-6801) be retained and the following provisional language added: Provisions: 4. Notwithstanding Provision 3 of this item, The California</p>	\$800,000 GARVEE bond allocation	<p>Deny the Administration's request to delete the GARVEE appropriation item because it is appropriate to review GARVEE allocation levels during the budget process.</p> <p>Approve the staff alternative to add Provision 4 to the item that requires a report is the GARVEE allocation exceeds \$800 million.</p>		<p>Vote to approve May Letter: 1-2</p> <p>Vote for Staff Recommendation : 3-0</p>

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			<p>Transportation Commission may allocate funds to projects that would result in the issuance of notes that exceed \$800,000,000, pursuant to the authority provided in Section 14553 of the Government Code, provided the California Transportation Commission consults with the Business, Transportation and Housing Agency, the Department of Transportation and the Department of Finance pursuant to the requirements of Section 14553.8 of the Government Code to consider and determine the appropriateness of the mechanism authorized by Section 14553 in comparison to other funding mechanisms, and determines and reports to the Governor and the Legislature the effect of such issuances on future federal funding commitments. No allocations made pursuant to this provision shall occur sooner than 60 days after the written report is provided to the Legislature.</p> <p>Since the issuance of GARVEE notes is new for California this year and current statute provides authority for several billion dollars more in additional GARVEE allocations, this item would provide a mechanism for consideration of the appropriate GARVEE allocation relative to other funding alternatives.</p>				
15	2660/ Caltrans	Cash management of locally-subvented federal funds - General Fund relief	<p>The Governor's midyear plan included a proposal to accelerate the receipt of \$800 million in federal reimbursements by utilizing cash management of locally-subvented federal Obligation Authority (OA). With this additional \$800 million in federal reimbursement to the State Highway Account, which was not anticipated in the 2004 STIP Fund Estimate, the Administration proposes the following:</p> <ul style="list-style-type: none"> • Reimburse the General Fund for debt service on current transportation general-obligation bonds (\$406 million). • Loan \$200 million to the General Fund for up to 3 years (Proposition 2 loan). 	\$606,000 transfer to the General Fund	Reject the General Fund transfer (as is now requested in the May Finance Letter).	TBL	3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			<ul style="list-style-type: none"> Retain \$194 million to support highway project allocations. <p>The May Revision withdrew the request to transfer a total of \$606 million to the General Fund because the reimbursement estimate has been reduced to \$200 million. The Administration intends to continue the conversion to cash management to benefit the State Highway Account.</p>				
16	2660/ Caltrans	Cash management of locally-subvented federal funds - associated staffing.	April 1 Finance Letter # 1 requested 17.0 positions (2-year limited term) and \$1.480 million to implement the cash management proposal. While the proposal will no longer aid the General Fund (See issue above) the Administration still anticipates a State Highway Account benefit of \$200 million.	\$1,480 State Highway Account expenditure	Approve the request.	no	3-0
17	2660/ Caltrans	Maintenance Program – stormwater positions	Budget Change Proposal #3 requests \$8.214 million to provide permanent funding and authority for 81 positions (77 personnel years) of the 154 positions established in 2002-03 as two-year limited term. The position request is less than the 154 positions established in 2002-03 to reflect the number of positions that were abolished due to vacancies on June 30, 2003. This issue was held open at the April 14 hearing due to concerns this staffing would be insufficient and the expectation of a May Finance Letter. See the issue directly below that adds an additional 64 maintenance positions.	\$8,214 State Highway Account expenditure	Approve the request.		3-0
18	2660/ Caltrans	Maintenance Program – restore positions for preventative maintenance workload	May Revision Finance Letter #6 requests \$6.778 million and 64 positions (64 personnel years). These positions would perform preventive maintenance work on highways and rest areas. To further address the sufficiency of preventative maintenance, see the issue directly below.	\$6,778 State Highway Account expenditure	Approve the request.		3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
19	2660/ Caltrans	Maintenance Program – long term maintenance plan	<p>At the April 14 hearing, the Chair formally requested that Caltrans develop and share with the committee a long-range maintenance plan. The Assembly subcommittee approved placeholder trailer-bill language to require the development of a long-range maintenance plan with performance measures.</p> <p>The subcommittee could adopt placeholder language and direct staff to work with the LAO and Assembly Consultants to develop language to ensure that the appropriate level of preventative maintenance is being performed on the state's highways.</p>	none	Approve placeholder language and direct staff to work on language to ensure adequate preventative maintenance work on the state's highways.	TBL	3-0
20	2660/ Caltrans	Traffic Congestion Relief Program (TCRP) Projects	<p>The Governor's Budget proposed trailer bill language to delete the statutory designation of TCRP projects, which would have required the projects to look for alternative project funding in the State Transportation Improvement Program (STIP), local measure money, or other funding mechanisms. The Governor's Budget also proposed a \$189 million transfer from the Traffic Congestion Relief Fund to the General Fund in 2003-04.</p> <p>The May Revision withdraws these proposals, and instead proposes language (both trailer bill and budget bill) to require the following prior to any new allocations for TCRP projects:</p> <p><i>The Business, Transportation and Housing Agency (BTHA), in cooperation with the California Transportation Commission (CTC), shall conduct a review of the Traffic Congestion Relief Program projects based on the following criteria: 1) economic impact, including job creation, 2) impact on goods movement, and 3) leveraging of local, federal and private funds. The criteria shall be applied by the CTC in cooperation with the BTHA to determine which projects will receive funding allocations.</i></p> <p>Staff notes that TCRF funds are continuously appropriated, so no Budget Act appropriation is required to continue expenditures in the budget year on currently-allocated</p>	\$163,000 Traffic Congestion Relief Fund expenditures for existing allocations – authority for additional expenditures with tribal gaming revenues.	<p>Approve this funding through existing continuous appropriation authority.</p> <p>Delete the capital outlay item and proposed provisional language.</p> <p>Direct staff to develop alternative trailer bill language concerning the prioritization of future TCRP allocations (see description to left)</p> <p>Approve the addition of a TCRF State Operations item with a \$1000 appropriation level.</p>		<p>Vote to approve May Letter: 1-2</p> <p>Vote for Staff Recommendation : 3-0</p>

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			<p>projects or for the CTC to make new allocations.</p> <p>The LAO has raised a concern that the proposal would allow the Administration to prioritize TCRP projects, again without legislative review.</p> <p>Staff recommends the subcommittee reject the budget bill item and proposed trailer bill language and direct staff to develop alternative trailer bill language that would do the following:</p> <ul style="list-style-type: none"> • Cite legislative intent that TCRP allocations made after July 1, 2004, be made in a priority order to (1) maximize economic impact, including job creation, (2) speed the movement of goods, and (3) leverage local, federal and private funds. • Provide that the Business, Transportation and Housing Agency, in cooperation with the California Transportation Commission shall conduct a review of the TCRP projects and prioritize those projects for new allocations using the above priorities. Require a report to the Legislature by September 1, 2004, explaining the recommended prioritization of TCRP projects. • Specify that no new TCRP allocations shall be made sooner than 60 days after the report is received by the Legislature. <p>TCRF workload Capital Outlay Support staffing: Traffic Congestion Relief staffing was deleted in the Governor's Budget and is not added back with the Capital Outlay Support Finance Letter Request. Finance indicates the staffing need is not finalized at this time. Staff recommends the subcommittee add a TCRF State Operations item with a \$1000 appropriation level. Require Finance to detail TCRF Capital Outlay Support staffing during the conference committee.</p>		Require Finance to detail TCRF Capital Outlay Support staffing during the conference committee.		

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
21	2660/ Caltrans	Partial repayment from the General Fund of existing transportation loans	<p>The May Revision proposes to repay \$384 million of \$1.383 billion outstanding (excluding interest) from past Traffic Congestion Relief Fund (TCRF) loans to the General Fund.</p> <p>Once in the TCRF, the Administration proposes the following use of these funds:</p> <ul style="list-style-type: none"> ➤ \$163 million to continue funding existing TCRP allocations. ➤ \$184 million for loan repayment to the State Highway Account for capital outlay purposes. (If this repayment were made, \$279 million of the loan would remain outstanding.) ➤ \$36 million for loan repayment to the Public Transportation Account for capital outlay purposes. (If this repayment were made, \$239 million on the loan would remain outstanding.) <p>This repayment would include \$140 million in Public Transportation Account (PTA) "spillover" revenue that would otherwise go to the PTA. Spillover revenues do not exist in most years and materialize according to a statutory trigger that occurs when gasoline sales tax revenues are relatively high and overall taxable sales are relatively low. Spillover revenues are difficult to accurately predict and it is possible less than \$140 million in spillover revenue will materialize.</p> <p>TBL also needs technical correction (incorrect org code).</p> <p>Note: The Administration also withdrew the proposal to transfer additional \$17 million in 2003-04 PTA spillover revenue to the General Fund, because this revenue did not materialize.</p>	<p>\$140,000 transfer from the Retail Sales Tax Account (PTA spillover).</p> <p>\$243,000 transfer from the General Fund.</p>	Approve the loan repayment proposal and direct staff to make any need technical corrections to the trailer bill.	TBL	3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
22	Control Section 16.00	Partial repayment from one-time tribal gaming revenues of existing transportation loans	<p>The May Revision requests the approval of Control Section 16.00 that would transfer one-time tribal gaming revenues to the Traffic Congestion Relief Fund (TCRF) and specify that these transfers are loan repayments for past transportation loans to the General Fund.</p> <p>The proposed control section would allow the Director of Finance to allocate this revenue in the following priority order not sooner than 30 days after notification to the Legislature:</p> <ol style="list-style-type: none"> 1. Repayment of outstanding SHA loans from the TCRF, including interest. (\$279 million outstanding plus interest).* 2. Repayment of outstanding PTA loans from the TCRF. (\$239 million outstanding).* 3. Traffic Congestion Relief Program projects that are allocated based on the criteria identified in Item 2660-301-3007, Provision 2. (\$1.000 billion outstanding plus interest).* 4. Advanced repayment of local streets and roads funding due for repayment in 2008-09. (approximately \$95 million outstanding). 5. Advanced repayment of State Transit Assistance loans due for repayment in 2008-09. (approximately \$95 million outstanding). <p>* Outstanding loan amounts assume \$384 million loan repayment in the issue above occurs.</p> <p>The Administration does not quantify the amount of one-time tribal gaming revenue that may be received.</p> <p>Staff recommends the following adjustment to the Control Section:</p> <ul style="list-style-type: none"> • In section (a), change the word "may" to "shall" so the allocation of this revenue would not be permissive <p>Change section (b) , number 3 to say "Traffic Congestion Relief Program projects for expenditures in 2004-05."</p>		Approve the Control Section with language changes recommended by staff.	BBL	3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
23	2660/ Caltrans	Suspension of Proposition 42	<p>The Governor's Budget proposed full suspension of the 2004-05 Proposition 42 gasoline sales tax transfer, which at that time was estimated to be \$1.127 billion. The Governor's Budget proposed a full suspension, with no repayment requirements.</p> <p>The May Revision retains the request to fully suspend Proposition 42 in 2004-05, but now proposes trailer bill language that would make this a loan with repayment including interest due in 2007-08. The new forecast for Proposition 42 revenues is \$1.207 billion - about \$80 million above the prior forecast.</p> <p>Note, the 2003-04 Proposition 42 transfer was partially suspended with a repayment requirement - an estimated \$862 million is due in 2008-09.</p>	\$1,207,000 General Fund savings. However, repayment of this amount is due to transportation in 2007-08.	Approve the May Revision request – suspend Proposition 42 and require repayment in 2007-08.		3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
24	2660/ Caltrans	Mid-Year proposal: Transfer 2003-04 and 2004-05 non-Article XIX revenues to the General Fund for General Obligation Bond debt reimbursement.	<p>The Governor's Budget proposes to transfer income from the sale of property, rental income, and miscellaneous revenues (non-Article XIX revenue) to the General Fund. This revenue is estimated at \$60.4 million in 2003-04 and \$47.2 million in 2004-05. Under current statute, this revenue would otherwise be transferred from the State Highway Account to the Public Transportation Account.</p> <p>An April Finance Letter proposed provisional language to specify that this revenue would be reimbursement to the General Fund for General Obligation bond debt service for transportation-related expenditures.</p> <p>The Federal Highway Administration has indicated concerns that this transfer may violate federal title, and therefore require that California refund the federal government a portion of this amount. This revenue at question is derived from the rental and sale of property that was purchased using federal transportation funds.</p> <p>The subcommittee may want to consider additional provisional language as follows: <i>3. The Director of Finance shall not transfer any funds in this item that would result in a loss of federal funds or require the state to provide a refund to the federal government.</i></p>	\$107,600 Transfer to the General Fund	<p>Approve the request, but add provisional language that would prohibit any transfer that would result in a federal penalty.</p> <p>If the subcommittee approves the transfer, both 2003-04 and 2004-05 revenues should be transferred in the 2004 Budget Act to avoid the need for a trailer bill amending the 2003 Budget Act.</p>		3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
25	2660/ Caltrans	Capital Outlay Support (COS) Project Delivery Workload Adjustment	<p>May Revision Finance Letter #3 requests \$181.781 million (\$2.515 million one time) and the following:</p> <ul style="list-style-type: none"> ➤ 356 positions (338.2 personnel years); ➤ 257 personnel years equivalents (PYEs) in cash overtime; ➤ 726 PYEs in contract-out consultants. <p>The request is made to support and complete programmed projects for the adopted State Transportation Improvement Program (STIP) and the State Highway Operational Protection Program (SHOPP).</p> <p>Every May the Administration proposes adjustments to staffing and contract work to tie to the anticipated project delivery workload.</p> <p>Caltrans indicates one goal of the request is "stable staff" through the utilization of flexible resources such as contract staff and overtime. Caltrans staff have faced the threat of layoff more frequently than other state staff as transportation workloads depend on multi-year revenue forecasts and long-term State and federal resources can be difficult to predict.</p> <p>The request also included the following:</p> <ul style="list-style-type: none"> ➤ \$2.530 million (one-time) for testing equipment. ➤ \$1.200 million in travel associated with the San Francisco-Oakland Bay Bridge project. ➤ \$845,000 for contracts with other state agencies ➤ \$2.719 million for external contracts related to environmental requirements, printing services, etc. <p>Included in the request is the redirection of \$1.485 from the Administration Program to the COS Program. Subsequent to the release of the Finance Letter, Finance has realized a technical error and withdraws the request in this Finance Letter to eliminate 32 Administrative positions – these positions have already been deleted in 4.10 implementation.</p>	\$181,781 expenditure increase, special funds, federal funds, & bond funds	Approve the requested workload level, but increase state staff resources and decrease contract-out resources such that 50 percent of the workload increase is performed by State staff (both new staff and overtime) and 50 percent is contract out work.		3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
26	2660/ Caltrans	Bay Area Toll Bridges – restore toll-collector positions.	May Revision Finance Letter #3 requests the restoration of 7 toll-collector positions (7 personnel years) and an increase of \$318,000 in reimbursement authority. Toll positions are funded through reimbursements from the Bay Area Toll Authority. Over the past two years, 21 toll-related positions have been eliminated due to vacant positions reduction. To avoid traffic delays, existing staff have been working extended hours, but Caltrans indicates this is not sustainable and traffic delays will occur in the future if these positions are not restored.	\$318,000 reimbursement authority (non-General Fund)	Approve the request.		3-0
27	2660/ Caltrans	Traffic Operations – restore positions	May Revision Finance Letter #5 requests the restoration of 18 traffic operations positions (18 personnel years) and an increase of \$1.588 million in State Highway Account authority. The positions are requested for work in the following areas: Speed Zone Surveys, Ramp Metering, and High Occupancy Vehicle Monitoring.	\$1,588 State Highway Account expenditure	Approve the request.		3-0
28	2660/ Caltrans	Additional Appropriation Authority	<p>The May Revision requests that Item 2660-398-0042 and Item 2660-398-0890 be added to provide expenditure authority of \$150.0 million under each item. Delay in the federal transportation reauthorization is the reason for the establishment of these contingency budget items. These items would permit a continuance of resources should reauthorization result in increased federal funds above those reflected in the 2004-05 budget appropriations. The receipt of additional federal funds will also permit the expenditure of additional State Highway Account resources.</p> <p>These items include the requirement of a 30-day notice to the Legislature prior to any expenditures and state the intent that specified activities listed below will receive priority consideration for funding:</p> <ul style="list-style-type: none"> • Performance Measures System information technology project. • California Advanced Transportation Management System information technology project. • Traffic Monitoring Stations analysis and repair. • Freeway Service Patrol expansion. 	\$150,000 federal funds and \$150,000 State Highway Account expenditure authority	Approve the additional appropriation authority in the amount requested but approved modified provisional language that would used any additional funds for STIP and SHOPP projects.		3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			<ul style="list-style-type: none"> Matching funds for participation in a public/private partnership to deploy radar and microwave based detection devices on state right-of-ways. Additional capital outlay staffing directly related to allocations from this item. Financial advisor services. <p>The provisional language in these items will also specify that any information technology projects receiving funding through these items must first have the necessary feasibility study reports approved.</p> <p>The requested use of additional funds would represent a significant increase for Traffic Operations investments and new information technology projects that have not been justified through a Budget Change Proposals. The subcommittee may want to allocate any new funding for STIP and SHOPP allocations. The language could be modified as follows:</p> <p><i>Provision 1:</i> <i>Upon order of the Director of Finance, funds in this item are available for the following State Highway Account Items:</i> 2660-101-0042; 2660-102-0042; 2660-301-0042; 2660-302-0042 for expenditure, upon determination that the State will receive additional federal funds pursuant to the passage of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003 or other federal transportation acts.</p> <p>a) <i>Notwithstanding Control Section 28.50, the allocations may only be authorized not sooner than 30 days after notification in writing is provided to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget committee or his or her designee.</i></p> <p>b) <i>Notwithstanding other provisions of law, expenditure authority in this item may also be transferred to item 2660-001-0042 to support additional capital outlay staffing directly related to projects allocations also</i></p>				

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			<i>funded through this item.</i> <i>A conforming language item would is suggested for the federal item.</i>				
29	2720/ California Highway Patrol	Funding for CHP staff	<p>At the April 14 hearing, a representative for CHP Officers testified that the CHP was unable to fill vacant positions due to funding constraints. The subcommittee left this issue open so staff could gather more information.</p> <p>The Administration has adjusted the salary savings rate used for uniformed officers from zero in 2003-04 to 3.7 percent proposed for 2004-05. The salary savings calculation does not reduce authorized positions, but reduces funding below that needed to remain 100 percent staffed at all times. The CHP indicates that in the past they had used savings from officer vacancies to hire cadets for the academy. With the new salary savings proposal, the CHP indicates they will have to hold additional positions vacant prior to hiring new academy cadets. Finance indicates actual salary savings did occur in past years, so this is a more accurate way to budget position costs.</p> <p>The CHP has provided information that suggests they would need another \$4.6 million in expenditure authority (Motor Vehicle Account) in 2004-05 to hire an additional 85 academy cadets.</p>		Approve as budgeted — do not increase the CHP expenditure authority.		<p>Approve as budgeted, and augment by \$28 million</p> <p>2-1</p>
30	2780 Stephen P. Teale Data Center	Reestablishment of ten previously abolished positions	<p>May Revision Finance Letter #1 requests position authority to add 10.0 positions, that had previously been abolished pursuant to Control Section 31.60 of the 2003 Budget Act and Executive Order D-71-03, be reestablished to address security, operational, and technical/administrative requirements of the TDC. No additional funding is requested for these positions because the TDC budget was not adjusted when the position authorization was previously eliminated, therefore, funding for these positions exists in the TDC's budget.</p> <p>The Administration indicates that workload continues to</p>	None – new positions would be funding within existing budget authority	Deny the Finance Letter		<p>Approve Letter</p> <p>3-0</p>

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
			<p>increase, and these positions are required to perform critical functions.</p> <p>One of the anticipated benefits of data center consolidation was position reduction. The subcommittee may want to consider denying this request due to consolidation issues.</p>				
31	2780 Stephen P. Teale Data Center	Teale rates reporting language	<p>Budget subcommittee #3 adopted language requiring a report on rates charged by the Health and Human Services Agency Data Center. Conforming language is included below for the Teale Data Center.</p> <p>Add Provision 3 to Item 2780-001-0683 <i>On or before September 1, 2004, the Teale Data Center, or its successor entity, shall submit to the Department of Finance and the Legislative Analyst's Office, a report detailing the cost factors reflected in the 2004-05 rates. This report shall include: (1) a statement of the department's expenditures and revenues, by function, (2) information detailing the incremental changes to rates between fiscal years, including the reason for, and aggregate amount of, the change, and (3) for each client department the actual amounts charged in 2002-03, 2003-04, and proposed in 2004-05. The Department of Finance shall use this report to review the current methodologies used to set rates and shall provide a report of its findings as part of the 2005-06 Governor's Budget.</i></p> <p>Add the following trailer bill language: <i>Beginning in 2005-06 and each fiscal year thereafter, by August 1, the Teale Data Center, or its successor entity, shall submit to the Department of Finance a proposal that reconciles the current year rates and details any adjustments proposed for budget year rates to be included in the Governor's Budget.</i></p>		Approve the language	BBL/ TBL	3-0

-----DECISIONS: Vote is to approve "Staff Recommendation" unless otherwise indicated

ISSUE #	ORG/ DEPT	ISSUE	DESCRIPTION	DOLLARS (in thousands)	STAFF RECOMMENDTION	BBL/ TBL	VOTE
32	Control Section 15.00 (Data Center Consolidation)	Control Section language to implement data center consolidation	<p>A May Finance letter requests approval of Control Section language that would allow the Director of Finance to realign appropriations for the purpose of implementing data center consolidation. Additionally, the Control Section would allow a transfer of \$3.500 million from the Stephen P. Teale Data Center Revolving Fund to the General Fund.</p> <p>Chapter 225, Statutes of 2003, required the Administration to submit a plan by December 1, 2003, to consolidate the Health and Human Services Agency Data Center and the Teale Data Center. Statute requires the plan to include General Fund savings of \$3.500 million.</p> <p>An "Outline for Consolidation" was received with the control section that the Administration indicates fulfills the statutory requirement. As the title implies, the document is an outline and not a detailed plan.</p>	\$3,500 transfer to the General Fund	Approve the Control Section	BBL	3-0
33	8780/ Little Hoover Commission	Restoration of Control Section 4.10 reductions	<p>A May Revision Finance Letter proposes to restore the Little Hoover Commission's Control Section 4.10 reduction of \$118,000, General Fund. The Administration indicates this funding is needed to review the California Performance Review.</p> <p>The Commission reports that eight of nine staff had volunteered to take time-base reductions to avoid layoffs, however, funds from the Acupuncture Board backfilled the Commission's budget and only two staff members took time-base reductions for fiscal year 2003-04.</p>	\$118 General Fund cost (permanent)	Deny the request		Approve Letter 3-0

Attachment A: Financial Information Privacy Act (SB 1) Staffing

Staffing Alternative for the Department of Financial Institution

Options	Description	Positions	Cost
1	Investigate and litigate based on complaints, but do not incorporate SB 1 audits into bi-annual examinations.	6.0	\$679
2	Investigate and litigate based on complaints, and also perform nonroutine, "red flag" SB 1 audit checks triggered by a certain level of complaints against individual licensees.*	6.0	\$679
3	Investigate and litigate based on complaints, and also perform SB 1 audit checks on 25 percent of firms each bi-annual cycle.	8.0	\$907
4	Investigate and litigate based on complaints, and also perform SB 1 audit checks on 50 percent of firms each bi-annual cycle.	12.0	\$1,363
5	BCP Request: Investigate all firms for SB 1 compliance during bi-annual examinations and follow-up on complaints.	17.0	\$1,881

Staffing Alternative for the Department of Corporations

Options	Description	Positions	Cost (1,000s)
1	Investigate and litigate based on complaints, but do not incorporate SB 1 audits into periodic examinations.	8.0	\$782
2	Investigate and litigate based on complaints, and also perform nonroutine, "red flag" SB 1 audit checks triggered by a certain level of complaints against individual licensees.	10.0	\$932
3	Investigate and litigate based on complaints, and also perform SB 1 audit checks on 25 percent of firms each examination cycle.	11.0	\$1,005
4	Investigate and litigate based on complaints, and also perform SB 1 audit checks on 50 percent of firms each examination cycle.	14.0	\$1,272
5	BCP Request: Investigate all firms for SB 1 compliance during examinations and follow-up on complaints	22.0	\$1,945

All of the above options assume the Department of Corporations reviews notification forms as required by SB 1. All of the above include some one-time costs that do not exceed \$260,000 in any alternative.

Attachment B: Housing and Community Development Mandate Issue

LAO Options: Regional Planning Mandate

- The Commission on State Mandates reports that it does not have jurisdiction under current law to revisit the Board of Control's decisions for this mandate. Adopt TBL providing jurisdiction.

Councils of Governments Component

- Under current interpretation of case law on reimbursable mandates, councils of governments (COG) may not be eligible for reimbursements. Adopt TBL to request the Commission on State Mandates to reconsider the adopted Parameters and Guidelines, and the statement of decision as necessary, for COGs.
- Requirements of COGs would not change. Allow COGs to pay for their activities by charging cities and counties a fee to recover their costs. Cities and counties, at their option, would be able to pass on the cost under existing planning fee authority.

Cities and Counties Component

- Make current requirement to include energy conservation information in the housing element optional.
- Develop standards for effort in complying with data collection and analysis efforts for employment, disabled, farmworkers, residential development. Authorize HCD to adopt in regulations these standards.
- Adopt TBL to clarify that reviewing COG allocation data is at the locality's option.
- Adopt TBL to request the Commission on State Mandates to reconsider the adopted Parameters and Guidelines, and the statement of decision as necessary, for cities and counties in light of current case law and TBL additions.

Language

- Uncodified TBL

Notwithstanding any other provision of law, the Commission on State Mandates shall reconsider the Board of Control decisions (3916, 3759, 3760, and 3929) regarding the regional housing needs mandate (Chapter 1143 of the Statutes of 1980) to determine whether the statute is a reimbursable mandate under Section 6 of Article XIII B of the California Constitution in light of federal and state statutes enacted and federal and state court decisions rendered since this statute was enacted, including the existence of fee authority pursuant to Section 65584.1 of the Government Code. The Commission, if necessary, shall revise its Parameters and Guidelines to be consistent with this reconsideration. Any changes by the Commission shall be deemed effective July 1, 2004.

- Add new section for review being optional:

65584.2 Any review or appeal by a locality of the allocation data provided by the department or the council of governments regarding its share of the regional housing need, or submittal of data or information for a proposed allocation, as permitted by this article, is not mandatory and is conducted by a locality at its option.

- Change to make energy conservation optional:

Amend Government Code Section 65583

(b) (7) ~~An~~ *At the option of the local government, an* analysis of opportunities for energy conservation with respect to residential development.

- Add new section for fee authority for COGs to recover costs

65584.1 Councils of government may charge a fee to local governments to cover the projected reasonable, actual costs of the council in distributing the regional housing need pursuant to this article. Any fee shall not exceed the estimated amount required to implement its obligations under this article. A city or county, or city and county may charge a fee, including, but not limited to, a fee pursuant to Section 65104 to support the work of the planning agency pursuant to this article, and to reimburse it for the cost of any fee charged by the council of government to cover the council's actual costs in distributing the regional housing. The legislative body of the city, county or city and county shall impose any fee pursuant to Section 66016. This section is declaratory of existing law.

- Add section for language for standards of effort

65583 (a) (6) An analysis of any special housing needs, such as those of the elderly, persons with disabilities, large families, farmworkers, families with female heads of households, and families and persons in need of emergency shelter. The department shall adopt regulations to implement this paragraph, including parts of this paragraph determined to be a reimbursable state mandate. For any revision of a housing element required pursuant to Section 65588 that is subsequent to the adoption of such regulations, any actions undertaken by the locality beyond those specified in the regulations are at that locality's option and not required by this section.

Attachment C: Caltrans Staffing Summary

Department of Transportation					
Departmentwide Staffing for 2003-04 and 2004-05					
	2003-04	2004-05	2004-05 May Revision		2004-05
	Jan. 10	Jan. 10	Adjustment		Total
Category					
State Staff Positions	21,891.0	21,569.5	462.8		22,032.3
State Staff Personnel Years (PYs)	20,922.8	20,585.2	444.1	¹	21,029.3
¹ Includes:					
Addition of 306.2 PYs for Capital Outlay Support.					
Restoration of 89 PYs eliminated in 2003-04 through Control Section 4.10.					
Addition of 16.1 PYs for cash management of the Local Assistance Program.					
Addition of .8 PYs for operations of LA Traffic Management Center					
2004-05 Capital Outlay Support (COS) Staffing Workload					
	10-Jan	May Revision Adjustment	Total		
Category					
State Staff Positions	10,546.0	388.0	10,934.0		
State Staff Personnel Years (PYs)	10,000.0	370.2	10,370.2		
Contracting Out Personnel Year Equivalents (PYEs) ²	500.0	726.0	1,226.0		
Temp Help PYs	-	-	-		
Cash Overtime PYs ³	303.0	257.0	560.0		
Total PY and PYE 2004-05 Workload	10,803.0	1,353.2	12,156.2		
² The methodology was modified from 2002-03. The old methodology calculated Toll Bridge Seismic Retrofit Account, bond, and reimbursed work at \$151,000 per PYE and Federal and State staff were valued at \$138,000 per PYE. The 2003-04 methodology used a \$168,000 per PYE figure and the 2004-05 used a \$178,000 per PYE figure for work funded from all sources. This change more accurately captures increased costs since it is based on the cost of existing contracts.					
³ The methodology for cash overtime: PYs calculated at \$69,740/PY.					